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October 1988

MONTANA INDIAN RESERVATIONS

Funding of Selected Services, Taxation of Real Property

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Denver, CO 80211

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October 11, 1988

The Honorable John Melcher
United States Senate

The Honorable Pat Williams
House of Representatives

In response to your request, and in later meetings with your offices, we agreed to provide the following information applicable to the Blackfeet, Flathead, Fort Belknap, and Northern Cheyenne Indian Reservations in Montana:

-- State and county health care and social services funding for Indians living on the reservations, tribal funding for health- and social-service-related activities, and circumstances that would increase the state and county costs if the Indian Health Service (IHS) and the Bureau of Indian Affairs (BIA) did not provide these services.

-- Funding information for school districts serving Indian students living on the reservations and tribal funding for educational purposes.

-- Taxes billed by counties for real property located on the reservations and taxes not billed due to the tax-exempt status of trust and tribally owned properties.

On June 23, 1988, we briefed your offices on the results of our review. We are providing this briefing report to summarize our work.

Our statistics on health care, social services, and education are for fiscal year 1987. Statistics on real property tax relate to county billing or taxes that could have been billed in 1987 if trust and tribally owned properties were taxed. We did work related to health care and social services funding at IHS and BIA, Montana state offices, tribal offices, and the 10 counties containing the four reservations. We obtained education funding and enrollment information from state offices and public school districts located on or near the reservations. To determine real property taxes billed on reservations and to obtain data needed to calculate real property taxes counties could not bill because of the nontaxable status of trust and tribally owned properties, we did work at the 10 counties, and at BIA, tribal, and state offices.

HEALTH CARE FUNDING

In Montana, Indians may receive county- or state-funded medical assistance unless they are eligible for programs such as Medicaid or receive IHS assistance. IHS provides health care to Indians in its facilities and pays for services in non-IHS facilities. Indians also receive health care through Medicaid. In addition, tribes pay for activities related to health care. Health care programs and fiscal year 1987 funding for Indians were as follows:

-- Seven of the ten counties fund medical care for the needy; the state funds these programs in the other three counties. We noted only one case in which a county provided medical assistance to an Indian residing on a reservation.

-- IHS spent nearly $23 million for health care and health-related programs for Indians on the four reservations.

-- Although data were not specifically available on Medicaid payments for Indians residing on the four reservations, payments for Indians residing both on and off the reservations in the 10 counties were about $5.9 million, with the state providing $1.9 million and the federal government providing $4 million. The Medicaid program also reimbursed IHS $530,000 in federal funds, with no state share, for care provided to Medicaid-eligible Indians in IHS facilities on the four reservations.

-- Tribes on the four reservations spent $306,000 for health-related activities, such as transportation for family members to be with relatives receiving care away from home, and to supplement IHS programs.

If IHS had not provided health care, the counties and state would have been faced with funding additional health care for reservation Indians. However, county and state programs would have likely incurred only part of the $23 million IHS spent in fiscal year 1987 because of differences in eligibility criteria and in the types and extent of care provided. Also, the state would have likely incurred an additional $175,000, representing its share of $530,000 reimbursed to IHS for direct care for Medicaid-eligible Indians. The state is not obligated to pay IHS for service to Medicaid patients, but would be obligated to share in the cost of services obtained from nonfederal providers, if IHS care were not available.

SOCIAL SERVICES FUNDING

In Montana, the counties or the state funds social services, such as general assistance and child welfare assistance, to reservation Indians who are ineligible for other federal and state-funded programs and do not receive BIA funding. Aid to

Families With Dependent Children (AFDC) and Title IV-E Foster Care, both funded by the state and federal governments, also provide welfare and child welfare assistance to Indians. AFDC assists needy families with dependent children, while Title IV-E Foster Care pays for substitute care for those receiving or eligible for AFDC. BIA is responsible for funding social service programs for tribal members residing on reservations who are ineligible for other welfare or child protective service programs. Social services programs and fiscal year 1987 funding were as follows:

-- The only case we noted in which a county provided general assistance for an Indian residing on one of the four reservations involved $35.

-- The state provided $86,000 through its child welfare program for Indians living in the 10 counties.

-- AFDC payments to Indians residing on and off the reservations in the 10 counties containing the reservations were $5.2 million--$1.7 million state and $3.5 million federal. Also, Title IV-E Foster Care payments were $203,000, with the state providing $66,000 and the federal government providing $137,000.

-- BIA funded about $2.9 million in general assistance and $708,000 in child welfare assistance for Indians residing on the four reservations.

-- The tribes on the four reservations provided $839,000 to Indians to assist with burials, to help meet their members' emergency needs, and to operate food distribution and elderly programs.

If BIA had not provided funds for social services programs, the counties and state would have been faced with additional costs. Considering that BIA's general assistance and child welfare expenditures were about $3.6 million in fiscal year 1987 for Indians residing on the four reservations, the potential cost to the counties and state of funding such assistance could be substantial. However, county and state programs would likely absorb only a portion of BIA's general assistance expenditures, because of differences in methods of payment and in conditions imposed on recipients.

The state would likely absorb all of BIA's child welfare costs if BIA discontinued its program because the state and BIA programs are similar.

EDUCATION FUNDING

Public education in Montana is funded by the federal government, school districts, counties, and the state.

Indian students residing on the four reservations attended schools in 37 public school districts in fiscal year 1987. The districts often overlap reservation boundaries and serve both Indian and non-Indian students. Fiscal year 1987 funding for the 37 school districts was as follows:

-- Total funding for the districts was about $60.8 million. Federal funding included $13.3 million attributable to reservation property or Indian students.

-- The tribes on the four reservations provided a total of $282,000 for educational activities.

REAL PROPERTY TAXES

Real property on reservations that is (1) held in trust by the U.S. government for Indians or tribes or (2) owned by tribes is not taxed. However, non-Indian-owned real property on reservations is taxed. Reservation property owned by individual Indians may also be taxed, if the property is not held in trust by the government.

Taxes billed in 1987 by counties for property on the Blackfeet and Flathead Reservations were about $2,160,000 and $6,033,800, while billings for the Fort Belknap and Northern Cheyenne Reservations were $24,600 and $8,100, respectively.

Based on estimates we received from authorities on the quantities and values of trust and tribally owned property on reservations, we calculated that additional real property tax billings in 1987 could have been $1,325,000 on the Blackfeet Reservation and $719,000, $384,000, and $146,000 on the Flathead, Fort Belknap, and Northern Cheyenne Reservations, respectively.

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As requested by your offices, we did not obtain written comments on this report. However, we discussed the information in the report with BIA, IHS, tribal, and state officials, and incorporated their comments where appropriate. Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issuance. At that time, we will send copies to IHS, BIA, and other interested parties.

Should you need additional information on the contents of this briefing report, please call me on (303) 964-0017.

David A. Hanna

David A. Hanna
Regional Manager

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ABBREVIATIONS

AFDC	Aid to Families With Dependent Children
BIA	Bureau of Indian Affairs
IHS	Indian Health Service

BRIEFING REPORT

Montana Indian Reservations:

Funding of Selected Services, Taxation of Real Property

Objectives, Scope, and Methodology

To provide information on four Montana Indian reservations:

- Health care funding and impacts without IHS
- Social services funding and impacts without BIA
- Funding for school districts serving reservation Indians
- Real property taxes on reservations

OBJECTIVES, SCOPE, AND METHODOLOGY

In a letter from Senator John Melcher and Representative Pat Williams, and in later meetings with their offices, we were asked to provide information on health care, social services, education, and real property taxes on four Indian reservations in Montana: Blackfeet, Flathead, Fort Belknap, and Northern Cheyenne. Specifically, they asked us the following questions:

-- What is spent on actual health care by counties and the state for Indians living on the reservations? What do tribes spend for health-related activities? Under what circumstances would the state and counties be faced with increased costs if the Indian Health Service (IHS) did not provide services?

-- What is spent by the state and counties on social services programs (equivalent to the Bureau of Indian Affairs's [BIA's] general assistance and child welfare programs) for Indians residing on the reservations? What do tribes spend on all social-services-related activities? Under what circumstances would the state and counties face additional costs if BIA assistance was not available?

-- What is spent by school districts attended by Indians living on the reservations, what is the source of these funds, and what portion of these monies is attributable to the reservation students? What do tribes spend for education-related activities?

-- If counties assessed real property taxes on trust lands and tribal fee lands located within county borders as they presently do for other lands, what would be the amount of the billed taxes? What do the counties bill for real property tax on lands within reservation boundaries?

Objectives, Scope, and Methodology, Continued

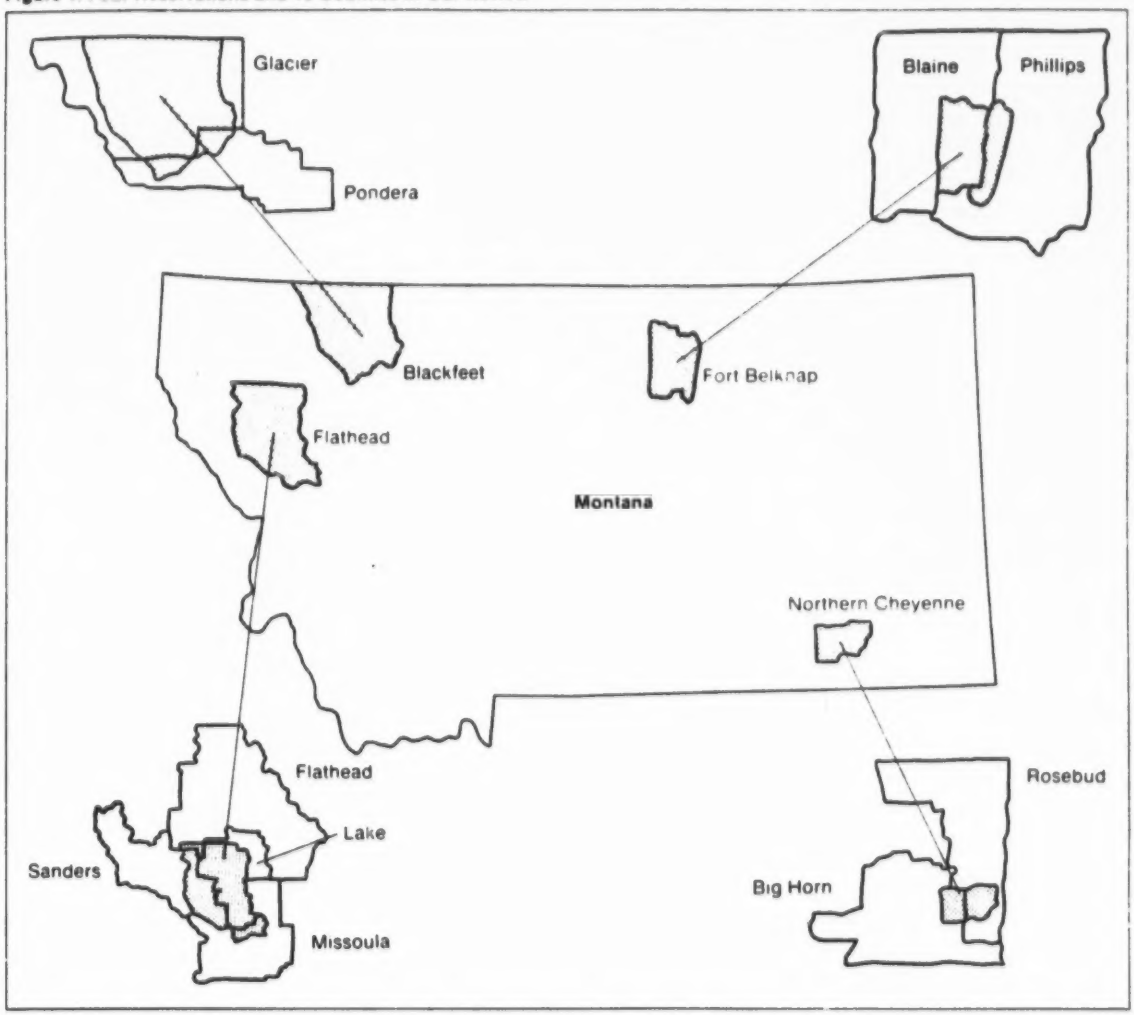
Table 1:
Indians Residing in 10 Counties
On and Off Reservations

	On reservation	Off reservation	Total
Blackfeet Reservation			
Glacier County	4,535	347	4,882
Pondera County	549	92	641
	5,084	439	5,523
Flathead Reservation			
Flathead County	0	527	527
Lake County	3,143	19	3,162
Missoula County	314	1,068	1,382
Sanders County	47	26	73
	3,504	1,640	5,144
Fort Belknap Reservation			
Blaine County	1,641	582	2,223
Phillips County	70	292	362
	1,711	874	2,585
Northern Cheyenne Reservation			
Big Horn County	730	4,396[a]	5,126
Rosebud County	2,280	126	2,406
	3,010	4,522	7,532
Total	13,309	7,475	20,784

[a]The number of Indians in Big Horn County residing off the Northern Cheyenne Reservation includes 3,982 Indians residing on the Crow Reservation portion of Big Horn County.

We were asked to answer, in part, questions about funding and tax issues for four Indian reservations and the 10 counties containing the reservations. The number of Indians residing both on and off the four reservations in the 10 counties, according to the 1980 census, is shown in table 1. The relationship between the counties and the reservations is shown in figure 1.

Figure 1: Four Reservations and 10 Counties in Our Review



Health Care Funding Methodology

To determine state and county health care funding for Indians living on the reservations, we identified programs that provide funding for health delivery services for Indians. We included county and state medical assistance programs for the needy and the Medicaid program in our study, since these programs fund health care and are supported in whole or in part by the state or counties. Medicaid is a program funded by the federal and state governments that funds medical care for the needy, Indian as well as non-Indian, who are disabled or aged, and for needy families with dependent children. We obtained information on Medicaid funding from Montana's Department of Social and Rehabilitation Services. To determine health care funding for reservation Indians by the state and counties, we interviewed officials and reviewed records at the 10 county welfare offices and at the Department of Social and Rehabilitation Services.

To determine the circumstances in which the counties or state would have been faced with additional costs if IHS did not provide services, we reviewed eligibility criteria for IHS medical care as well as for state and county indigent medical programs, and discussed the issue with IHS personnel and county welfare officials. We determined the funding provided by IHS in order to place in perspective potential impacts to county or state programs, in the absence of IHS. We obtained IHS health care funding statistics for fiscal year 1987 from IHS's Billings Area Office, which has jurisdiction over the service units at the four reservations.

We obtained statistics on tribal expenditures for health care from tribal treasurers on the four reservations. Tribal funds expended on health programs, as well as those for social services and education, come from such sources as lease income, royalties, and interest. We were asked to provide tribal expenditure information on activities related to health care. Therefore, we did not limit our review of tribal funding to actual health care but included funding for health-related activities, such as travel and health education. Accordingly, tribal expenditures cannot necessarily be compared directly with those of county, state, or federal governments.

Social Services Funding Methodology

To determine state and county social services funding for Indians living on the reservations, we identified programs similar to BIA's general assistance and child welfare programs. We included general assistance programs funded by counties or the state and Aid to Families With Dependent Children (AFDC), a joint federal and state program. AFDC provides financial assistance to needy families with dependent children and is available to Indian families living on reservations. We also included the state's child welfare services program and the Title IV-E Foster Care program. Title IV-E Foster Care, funded by the state and federal governments, funds payments for substitute care for children from families that receive or are eligible for AFDC, including Indians living on the reservations. Montana's Department of Social and Rehabilitation Services provided data on AFDC funding, while its Department of Family Services provided data on Title IV-E Foster Care and Montana's child welfare services program. We obtained information on state and county general assistance funding for reservation Indians from the Department of Social and Rehabilitation Services and from county welfare personnel.

To determine the circumstances in which the state or counties would face additional costs if BIA's social services program did not exist, we reviewed and compared BIA, state, and county programs and eligibility criteria, and discussed the issue with BIA and county welfare officials. We obtained information on the number of BIA social services cases and BIA social services funding data for fiscal year 1987 from BIA or from tribal social services offices for programs operated by tribes under contract with BIA.

We obtained statistics on tribal expenditures for social services from tribal treasurers on the four reservations. We were asked to provide tribal expenditure information on social-services-related activities. Therefore, we did not limit our review of tribal funding to social services similar to BIA programs but included funding for food distribution and aging programs as well. Accordingly, tribal expenditures cannot necessarily be compared directly with those of county, state, or federal governments.

Education Funding Methodology

We identified school districts serving reservation Indian students by reviewing maps and documentation maintained by Montana's Office of Public Instruction and through discussions with school district officials. We obtained sources of funding for fiscal year 1987 from reports filed by school districts with the Montana Office of Public Instruction and obtained clarification, when needed, from school district and Office of Public Instruction officials. We obtained information on the numbers of Indian students in the school districts and the numbers of those students living on reservations from school district officials. To determine sources of funding related to Indian students, we interviewed officials in the Office of Public Instruction and obtained documentation on the purpose of programs that provided funding for Indian students.

We obtained statistics on tribal expenditures for education from tribal treasurers on the four reservations.

Property Tax Methodology

Property held in trust by the United States for tribes or Indians (trust property) is not taxed by counties. In addition, certain property owned by tribes (tribal fee property) is not taxed. To estimate the amount of real property taxes that counties could have billed in 1987 if trust and tribal fee properties were taxable, we obtained acreage statistics or estimates from BIA at the area and agency levels. We obtained estimates of land types and values for tax purposes from county appraiser offices, BIA and tribal personnel, and Montana's Department of Revenue. We obtained estimates of the quantity and values of other real property, such as homes and commercial properties, from county appraisers, BIA and tribal personnel, and housing authority officials. In estimating tax that counties could have billed had reservation properties been taxable, we included tax-exempt housing on reservations that is under the jurisdiction of tribal housing authorities. To estimate additional real property taxes that counties could have billed if trust and tribal fee properties were taxed, we multiplied estimated taxable values of tax-exempt properties by applicable 1987 tax rates.

We obtained information on real property taxes billed on reservation properties in 1987 from county assessors or estimated the tax by applying applicable tax rates to the taxable values of property on the tax rolls. In certain instances, if taxing districts contained reservation as well as nonreservation properties, we obtained estimates from county assessors on the amount of taxes billed on reservations.

Unless otherwise noted, county and state fiscal year 1987 statistics presented in this report are for the period July 1, 1986, through June 30, 1987. Fiscal year 1987 statistics related to federal and tribal programs are for October 1, 1986, through September 30, 1987.

We did not verify the accuracy of program funding or tax information provided to us, nor did we analyze the operations of the programs discussed in this report. However, we did discuss the contents of this report with appropriate federal, state, and tribal officials, and incorporated their comments where appropriate.

We performed our review between May 1987 and July 1988 in accordance with generally accepted government auditing standards.

Counties Fund Little Health Care for Indians

Only one example identified in fiscal year 1987:

- Glacier County funded $6,141 in health care for an Indian resident of the Blackfeet Reservation

COUNTIES FUND LITTLE HEALTH CARE FOR INDIANS

Needy individuals who are ineligible for other medical assistance programs such as Medicaid and who do not receive assistance through IHS may qualify for county or state medical assistance. Such assistance is normally provided to those having life- or limb-threatening health needs. In 7 of the 10 counties we reviewed, the counties fund medical care for the needy; the state funds the care in the other 3 counties. These counties, Flathead, Lake, and Missoula, levy a tax on property for certain welfare programs, including medical assistance, and furnish taxes collected to the state. The state then funds the counties' medical assistance programs.

Our review at the welfare offices in the 10 counties containing the four reservations disclosed only one instance of a county or state medical assistance program funding, in fiscal year 1987, the actual health care of an Indian living on one of the reservations in our review. In this instance, Glacier County paid $6,141 for the medical care of an Indian resident of the Blackfeet Reservation who did not meet eligibility criteria for IHS treatment. Welfare officials told us that the county and state medical assistance programs rarely fund the health care needs of Indians living on reservations, because Indians are able to have their needs met through IHS or Medicaid.

Medicaid Assists in Funding Health Care for Indians

In fiscal year 1987, Medicaid provided $5.9 million for Indians in the 10 counties containing the reservations.

- $4.0 million in federal funds
- $1.9 million in state funds

IHS also received $530,000 from Medicaid, all federal funds, for direct care it provided.

MEDICAID ASSISTS IN FUNDING HEALTH CARE FOR INDIANS

Although county and state medical assistance programs have provided little assistance to Indians, Medicaid has provided considerable funding. Medicaid, a program funded jointly by the state and federal governments, is authorized through Title XIX of the Social Security Act. The program funds health care for the needy, Indian as well as non-Indian, who are disabled or aged and for needy families with dependent children. In fiscal year 1987, the state of Montana provided about 33 percent of the payments made through the Medicaid program, with the federal government providing the balance. Statistics were not available to show the amounts of Medicaid payments for Indians living on the four reservations in our review. However, according to information compiled by Montana's Department of Social and Rehabilitation Services, total Medicaid payments for Indians residing in the 10 counties containing the four reservations we reviewed was $5.9 million, consisting of $4 million in federal funds and $1.9 million in state funds. Medicaid payments for Indians and non-Indians in these 10 counties totaled $32 million in fiscal year 1987.

In addition to the $5.9 million in Medicaid payments for Indians, the Medicaid program reimbursed IHS $530,000 for health care it provided in IHS facilities to Medicaid-eligible Indians on the four reservations. Although Medicaid is normally funded jointly by the state and federal governments, Medicaid reimbursements to IHS are totally federal. Indians who are eligible for Medicaid may choose to obtain care at an IHS facility, if available. The cost of the care is then reimbursed to IHS by the Medicaid program.

IHS Provided Substantial Health Care Funding for Indians

Table 2:
IHS Expenditures by Reservation,
Fiscal Year 1987

Expenditure	Blackfeet	Flathead	Fort Belknap	Northern Cheyenne	Total
IHS-operated programs	$6,730,345	$ 831,241	$2,848,331	$2,305,002	$12,714,919
Care in non-IHS facilities	2,045,522	3,900,494	951,306	1,005,645	7,902,967
Tribal programs	671,873	901,266	370,790	367,018	2,310,947
Total	$9,447,740	$5,633,001	$4,170,427	$3,677,665	$22,928,833

IHS PROVIDED SUBSTANTIAL HEALTH CARE FUNDING FOR INDIANS

IHS provides health care to Indians in its facilities and funds care for Indians in non-IHS facilities. During fiscal year 1987, IHS spent $12.7 million to operate its hospitals and clinics located on the four reservations in our review and another $7.9 million to pay for care for Indians in non-IHS facilities through its contract care program. In addition, IHS provided $2.3 million to tribes on the four reservations to operate a variety of health-related programs, such as community health nursing and alcoholism prevention.

IHS provides or funds medical care for eligible Indians regardless of their income or resources. According to policies and procedures in effect in fiscal year 1987, services in IHS facilities could be provided to those of Indian descent who belonged to the Indian community served by the IHS facility. If IHS did not have the capability of treating an individual in an IHS facility, it could pay for the medical care in a non-IHS facility or through a non-IHS provider through its contract care program. Eligibility for contract care was somewhat more restrictive than care in IHS facilities.

Although IHS will treat patients in its facilities who are eligible for Medicaid, it will not provide contract care funding to those who are able to have their care funded through other programs, such as Medicaid.

Tribes Also Provide Funding for Health Activities

Table 3:
Tribal Funding for
Health-Related Activities,
Fiscal Year 1987

Reservation	Funding
Blackfeet	$197,554
Flathead	106,746
Fort Belknap	2,120
Northern Cheyenne	0
Total	$306,420

TRIBES ALSO PROVIDE FUNDING FOR HEALTH ACTIVITIES

In addition to the funding provided to Indians by the federal, state, and local governments, tribes on the four reservations in our review have also provided funding for health-related activities. As shown in table 3, total funding for fiscal year 1987 by the tribes was $306,420. Tribal health funding has provided travel expenses for family members to be with patients in hospitals away from their homes and has also supplemented IHS funding for tribal health activities, such as health education and alcoholism treatment.

Without IHS, County and State Caseloads Would Increase

Table 4:
Potential Increase in County or State Health Care Caseloads If IHS Did Not Provide Services to Indians

	Families		Individuals included in the families	
Blackfeet Reservation				
Glacier County	160		429	
Pondera County	53	213	143	572
Flathead Reservation				
Flathead County	0		0	
Lake County	288		453	
Missoula County	29		45	
Sanders County	3	320	5	503
Fort Belknap Reservation				
Blaine County	258		469	
Phillips County	11	269	20	489
Northern Cheyenne Reservation				
Big Horn County	54		126	
Rosebud County	173	227	398	524

WITHOUT IHS, COUNTY AND STATE CASELOADS WOULD INCREASE

If IHS were not available, county medical assistance programs (or state programs in Flathead, Lake, and Missoula Counties) would be faced with funding the health care of needy Indians who are ineligible for other assistance, such as Medicaid. However, county and state programs would not likely be faced with funding all the health care presently funded by IHS because of differences in eligibility criteria and benefits. IHS serves Indians regardless of their income or resources, while the county or state will only assist those with little or no income or resources. In addition, county and state programs typically fund care for life- or limb-threatening situations, while IHS's services are more extensive.

To precisely determine the impacts on county or state programs if IHS had not provided medical services to Indians, applicants would have to be evaluated on a case-by-case basis to determine eligibility and their specific medical needs. However, it appears that the number of Indians who would be eligible for the programs is probably similar to the number who received benefits under BIA's general assistance program, and the average monthly caseload for that program is shown in table 4. That program, a component of BIA's social services program, has eligibility criteria similar to county and state medical assistance programs.

The state of Montana would also face increased costs for its share of Medicaid reimbursements if IHS discontinued providing health care for Indians. Indians eligible for Medicaid can receive care in IHS facilities. IHS then receives a reimbursement from Medicaid funded solely with federal funds with no state participation. If IHS did not provide care to Indians, Montana's Medicaid costs would increase, because Medicaid-eligible Indians previously obtaining care at IHS facilities would likely seek care from non-IHS providers, and the state does pay part of the cost of that care. Montana's share of Medicaid payments in fiscal year 1987, including payments for Medicaid-eligible Indians obtaining care in non-IHS facilities, was about 33 percent. In fiscal year 1987, IHS received $530,000 in federal reimbursements for direct care provided at its facilities on the four reservations for Medicaid-eligible patients. We did not review IHS's procedures for identifying those eligible for Medicaid, nor did we determine if the $530,000 was representative of the actual cost of providing care to Medicaid-eligible patients. However, if IHS had not provided the direct care and if the Indians had received care at a similar cost from other providers, the state would have shared in the cost of Medicaid and would have incurred an additional expense of about $175,000 in fiscal year 1987, or about 33 percent of the $530,000.

Counties/State Provide Little Social Services Funding

General assistance

- Glacier County provided $35 worth of clothing to an Indian resident of the Blackfeet Reservation

Child welfare

- Montana provided $86,000 for Indians in the 10 counties containing the reservations

COUNTIES/STATE PROVIDE LITTLE SOCIAL SERVICES FUNDING

Counties or the state will provide general assistance, or welfare, to needy Indians as well as non-Indians if they do not qualify for other public assistance programs, such as AFDC, and do not receive assistance through BIA. In addition, the state will fund child welfare, such as foster care, for Indians who are ineligible for Title IV-E Foster Care, a federal- and state-funded program, or for assistance through BIA.

Seven of the 10 counties containing the reservations we reviewed fund general assistance programs; the state funds general assistance in the other 3 counties, Flathead, Lake, and Missoula. However, the county and state programs rarely serve Indians living on reservations. Our review disclosed only one instance in the 10 counties of an Indian living on a reservation who received county or state general assistance in fiscal year 1987. In that case, Glacier County's general assistance program provided $35 worth of clothing to an Indian resident of the Blackfeet Reservation. County welfare officials stated that the low general assistance funding for reservation Indians is due to the availability of general assistance funded by BIA.

Montana also funds a child welfare services program, which is similar to BIA's child welfare program. Both of these programs provide foster care funding for those who are ineligible for the Title IV-E Foster Care program. While the state and counties normally share equally in the cost of Montana's child welfare services, the state totally funds the cost of the program in cases involving Indians. Montana's child welfare services program will fund foster care for Indians if they are ineligible for funding through BIA (i.e., those who are not tribal members living on a reservation) and do not meet the requirements for funding through Title IV-E Foster Care. In fiscal year 1987, the state paid $86,000 for Indians residing in the 10 counties in our review. Data were not consistently available to show expenditures specifically for Indians residing on the reservations.

AFDC and Title IV-E Provide Assistance to Indians

Fiscal year 1987 assistance to Indians in the 10 counties containing the reservations:

- AFDC provided $5.2 million
  - $1.7 million state
  - $3.5 million federal

- Title IV-E provided $203,000
  - $66,000 state
  - $137,000 federal

AFDC AND TITLE IV-E PROVIDE ASSISTANCE TO INDIANS

Indians, as well as non-Indians, receive social service benefits through programs funded jointly by the state and the federal government. Montana and the federal government share in the cost of providing welfare through AFDC and child protective services through Title IV-E Foster Care.

AFDC, authorized by Title IV-A of the Social Security Act, Public Law 74-271, as amended, provides financial assistance to needy families with dependent children and is available to Indian families living on reservations. Montana's Department of Social and Rehabilitation Services, responsible for administering the AFDC program, was unable to provide data on payments for Indians living on the four reservations in our review, but had statistics on payments made to Indians residing in the 10 counties containing the reservations. During fiscal year 1987, those Indians received about $5.2 million in AFDC payments, consisting of $1.7 million in state funds and $3.5 million in federal funds. Fiscal year 1987 AFDC payments in the 10 counties for non-Indians as well as Indians totaled about $13 million.

Title IV-E Foster Care, also authorized by the Social Security Act, funds payments for substitute care for children from families that receive or are eligible for AFDC, including Indians living on the reservations. Montana's Department of Family Services, responsible for administering the Title IV-E program, did not maintain data on payments for Indians residing on reservations. However, it was able to provide information on payments made to Indians residing in the 10 counties containing the reservations. During fiscal year 1987, Title IV-E Foster Care payments for Indians in those counties totaled $203,000, consisting of $66,000 in state funds and $137,000 in federal funds.

BIA Funds General Assistance, Child Welfare

Table 5:
BIA Social Services Expenditures
by Reservation, Fiscal Year 1987

Expenditure	Blackfeet	Flathead	Fort Belknap	Northern Cheyenne	Total
General assistance	$ 800,712	$ 735,753	$ 708,285	$ 677,645	$2,922,395
Child welfare	116,575	236,522	59,698	295,093	707,888
Miscellaneous	0	0	5,338	0	5,338
Salaries, administration	106,100	203,739	82,712	104,507	497,058
Total	$1,023,387	$1,176,014	$ 856,033	$1,077,245	$4,132,679

BIA FUNDS GENERAL ASSISTANCE, CHILD WELFARE

BIA funds social services programs for Indians residing on reservations who are tribal members (or certain descendants of tribal members). The largest component of its social services program is general assistance, which consists of cash payments to needy Indians who are ineligible for other federal assistance, such as AFDC. During fiscal year 1987, BIA provided $2.9 million in general assistance to Indians on the four reservations in our review, as shown in table 5.

A smaller component of BIA's social services program is child welfare, which provides payments for foster care or other substitute care for Indian children whose care cannot be funded through programs such as Title IV-E Foster Care. During fiscal year 1987, BIA provided about $708,000 in child welfare payments on the four reservations.

Tribes Also Fund Social Services

Table 6:
Tribal Funding for
Social Services Activities,
Fiscal Year 1987

Reservation	Funding
Blackfeet	$378,723
Flathead	174,088
Fort Belknap	32,920
Northern Cheyenne	252,782
Total	$838,513

TRIBES ALSO FUND SOCIAL SERVICES

The tribes on the four reservations we reviewed provided funding for social service activities. In fiscal year 1987, total funding was $838,513. Tribal social service funding has provided burial and related expenses for tribal members and has furnished emergency assistance to those who are ineligible for or who have exhausted benefits from other social services programs. In addition, the tribes have incurred expenses for food distribution and assistance to the elderly.

Without BIA, County/State Caseloads Would Increase

Table 7:
Potential Increase in County or State General Assistance Caseloads If BIA Had Not Provided General Assistance to Indians

	Families		Individuals included in the families	
Blackfeet Reservation				
Glacier County	160		429	
Pondera County	53	213	143	572
Flathead Reservation				
Flathead County	0		0	
Lake County	288		453	
Missoula County	29		45	
Sanders County	3	320	5	503
Fort Belknap Reservation				
Blaine County	258		469	
Phillips County	11	269	20	489
Northern Cheyenne Reservation				
Big Horn County	54		126	
Rosebud County	173	227	398	524

WITHOUT BIA, COUNTY/STATE CASELOADS WOULD INCREASE

If BIA did not provide general assistance to Indians, county general assistance programs (or state-funded programs in Flathead, Lake, and Missoula Counties) may be faced with absorbing BIA's general assistance caseload at substantial expense. The potential caseload that the county or state programs may be faced with absorbing can be judged by considering BIA's average monthly caseload, because eligibility criteria for county and state programs are similar to BIA's. BIA's average monthly caseloads for fiscal year 1987 are shown in table 7. The potential funding by counties and the state, however, would probably be less than BIA's general assistance payments of $2.9 million because of differences in methods of payment and conditions attached to the receipt of assistance, as discussed below.

Except for Flathead, Lake, and Missoula Counties, which provide cash payments, counties containing the reservations furnish general assistance through vouchers for basic needs like housing and utilities. Typically, the total value of vouchers is less than the maximum amount for which recipients may be eligible and less than cash payments provided by BIA.

General assistance recipients (in all but Rosebud County, which serves a portion of the Northern Cheyenne Reservation) are required to participate in a county work program in exchange for their general assistance or take part in a job training program. Applicants who are unwilling to meet this requirement do not receive general assistance. According to county welfare personnel, this requirement encourages people to seek employment, provides recipients with job training, and limits the time recipients receive general assistance. BIA social service offices on the four reservations do not require recipients to work in exchange for their general assistance payments.

General assistance provided by counties or the state is intended to be short term. County welfare personnel informed us that recipients rarely receive assistance for longer than 3 months. On the other hand, BIA's program may provide general assistance to individuals for several years.

Without BIA, State Child Welfare Would Increase

The state would potentially incur an additional $708,000, similar to the costs of BIA's child welfare program.

WITHOUT BIA, STATE CHILD WELFARE WOULD INCREASE

If BIA did not fund substitute care for Indian children through its child welfare program, the state would face increased cost for child welfar services. Because state and BIA eligibility criteria and payment methods are similar, the state would likely be faced with additional funding similar to that of BIA. In fiscal year 1987, BIA provided about $708,000 in child welfare payments on the four reservations, as shown in table 5. As noted earlier, both BIA and the state programs are available to those not receiving Title IV-E Foster Care.

Funding for School Districts Serving Reservation Indians

Table 8:
Funding for School Districts
Serving Reservation Indian Students,
Fiscal Year 1987

	Blackfeet	Flathead	Fort Belknap	Northern Cheyenne[a]	Total
Total funding by source					
Federal sources	$ 5,790,516	$ 4,518,514	$3,526,317	$ 2,961,147	$16,796,494
State sources	3,594,159	8.268,616	1,648,793	322,694	13,834,262
County sources	3,295,031	3,973,873	2,737,538	4,111,977	14,118,419
District sources	3,724,171	4,776,045	1,866,585	5,630,476	15,997,277
Other	13,960	39,081	2,622	19,475	75,138
Total	$16,417,837	$21,576,129	$9,781,855	$13,045,769	$60,821,590
Federal funding attributable to Indians or reservation property					
Impact aid	$ 4,150,572	$ 3,120,314	$2,337,688	$ 2,218,323	$11,826,897
Construction	0	0	430,090	0	430,090
Indian Education Act	291,966	212,508	117,536	53,551	675,561
Johnson O'Malley	70,496	41,698	26,325	70,376	208,895
Bilingual	0	0	45,055	95,220	140,275
Total	$ 4,513,034	$ 3,374,520	$2,956,694	$ 2,437,470	$13,281,718
Total students in the districts					
Indian	2,286	1,570	725	663	5,244
Non-Indian	1,042	3,452	733	1,272	6,499
Total	3,328	5,022	1,458	1,935	11,743
Students in the districts who live on reservations					
Indian	2,172	1,560	647	634	5,013
Non-Indian	201	2,740	22	65	3,028
Total	2,373	4,300	669	699	8,041

[a]Excludes two districts that serve primarily students from the Crow Reservation because data related solely to Northern Cheyenne students were unavailable for these two districts.

FUNDING FOR SCHOOL DISTRICTS SERVING RESERVATION INDIANS

Public education in Montana is funded through school district, county, state, and federal sources. For school districts serving Indian students, the federal government provides funding (1) to help meet Indians' educational and cultural needs (2) to help compensate districts for the impacts of nontaxable federal lands. Total revenues for the school districts serving reservation Indian students were $60.8 million in fiscal year 1987, as shown in table 8. The sources of the revenue, as shown in the table, are discussed below.

-- The federal government provided nearly $17 million to the school districts to operate a wide variety of programs and for many purposes. Over $13 million of the $17 million in federal funding to school districts serving reservation Indians came from programs specifically designed to assist Indians or to compensate districts for educating students residing on reservation property (see p. 40).

-- State funding for public school districts, totaling about $14 million, came from a variety of sources, including state income tax, corporation taxes, and coal tax.

-- County revenue sources, totaling $14 million, included personal and real property taxes assessed by counties at the direction of the state for distribution to school districts.

-- The $16 million in district sources included levies on real property, personal property, and motor vehicles. Since many of the school districts serving reservation Indians are located partially or totally off reservations, tax revenues for the districts are generated from properties located off the reservations. Other district funding sources include student fees, interest, rental income, and donations.

During fiscal year 1987, 37 public school districts served Indian students residing on the four reservations in our review. Many of the districts overlapped reservation boundaries and served Indian and non-Indian students residing both on and off the reservations. For perspective, the numbers of Indian and non-Indian students, as well as students living on and off the reservations, are shown in table 8.

Federal Funding Attributable to Indians, Reservation Property

Federal funding to school districts serving reservation Indians included funding for programs attributable to reservation property or to assist Indian students:

- Impact Aid
- Construction
- Indian Education Act
- Johnson O'Malley Act
- Bilingual Education

FEDERAL FUNDING ATTRIBUTABLE TO INDIANS, RESERVATION PROPERTY

In fiscal year 1987, the federal government provided over $13 million to the school districts serving reservation Indian students through programs attributable to the Indian students or the presence of reservation properties. Impact aid, authorized under Public Law 81-874, as amended, and funded through the Department of Education, is the largest federal program supporting school districts serving Indian students. Impact aid, in part, helps fund school districts serving students living on federal property, including reservation lands. The Congress recognized that these students may impose a burden on school district budgets in terms of lost tax revenue. Nearly $12 million in impact aid was provided in fiscal year 1987 to the 37 school districts serving the four reservations in our review because of students residing on reservation property.

The Department of Education also funds school construction under Public Law 81-815, as amended, in areas of high federal impact. In fiscal year 1987, one of the school districts, Harlem High School serving a portion of the Fort Belknap Reservation, received $430,000 in such funding because of the presence of reservation properties in its enrollment area.

Other federal programs are designed to help meet the special educational or cultural needs of Indian students. About one-third of the districts serving Indian students from the reservations received a total of $676,000 provided by the Indian Education Act (title IV of Public Law 92-318, as amended) through the Department of Education and $209,000 provided by the Johnson-O'Malley Act (Public Law 73-167, as amended) through BIA.

The Department of Education's bilingual education program (authorized under Public Law 89-10 as amended by Public Law 95-561) provides funding to help students with limited proficiency in English achieve competence in English while using their native language. Although bilingual education funding is not intended to assist only Indian students, two school districts serving reservation Indians received $140,000 in funding to support Indian language programs or to assist Indians having language difficulties.

Tribes Also Provide Educational Funding

Table 9:
Tribal Funding for
Educational Activities,
Fiscal Year 1987

Reservation	Funding
Blackfeet	$112,847
Flathead	146,079
Fort Belknap	16,609
Northern Cheyenne	6,096
Total	$281,631

TRIBES ALSO PROVIDE EDUCATIONAL FUNDING

Tribes also provided funding for educational purposes. In fiscal year 1987, the tribes on the four reservations spent a total of $281,631 for activities related to education. Tribal educational funding has provided monetary allowances to students and graduates and has supplemented a variety of educational programs for Indian students.

Real Property Taxes Billed on Reservation

Table 10:
Real Property Taxes
Billed on Reservation Properties, 1987

	1987 taxes billed	Totals
Blackfeet Reservation		
Glacier County	$2,119,000	
Pondera County	41,000[a]	$2,160,000
Flathead Reservation		
Flathead County	$ 7,800	
Lake County	5,550,000	
Missoula County	110,000	
Sanders County	366,000	6,033,800
Fort Belknap Reservation		
Blaine County	$ 22,800	
Phillips County	1,800	24,600
Northern Cheyenne Reservation		
Big Horn County	$ 4,600	
Rosebud County	3,500[a]	8,100
Total		$8,226,500

[a]Does not include $81,000 (Pondera County) and $5,300 (Rosebud County), which was billed in 1987 for certain railroad and utility properties. The properties are located in tax districts that are partially on and partially off the reservations and data were unavailable showing the billings pertaining to the reservation portion of the properties.

REAL PROPERTY TAXES BILLED ON RESERVATIONS

Real property on reservations (such as land, buildings, and improvements) that is held in trust by the United States for tribes or individual Indians is not taxed. In addition, real property owned by tribes, known as tribal fee property, is not taxed. However, not all real property on reservations is excluded from taxation. For example, land, buildings, and improvements owned by non-Indians is subject to taxation as is property owned by individual Indians if it is not held in trust by the federal government. Property on reservations owned by railroads and utilities is also subject to tax.

Agricultural and commercial timber lands, predominant land types on the four reservations in our review, have assessed values based on agricultural or timber productivity and not on the market value of the property. The assessed value of other real property, such as homes, lots, and commercial properties, is based on market value.

In Montana, real property taxes are billed by counties and are assessed for a wide range of activities, based on tax-supported services in a given tax district. Real property taxes support education and include levies by school districts as well as counties. Real property taxes also support such activities as welfare and general county operations.

Real property taxes billed in 1987 for reservation property varied considerably by county and by reservation, depending on relative amounts of taxable real property on reservations, property values, and tax rates. As shown in table 10, taxes billed by counties in 1987 for property within the Blackfeet and Flathead Reservations were about $2 million and $6 million, while billings for the Fort Belknap and Northern Cheyenne Reservations were $24,600 and $8,100, respectively.

Additional Property Taxes on Reservations

Table 11:
Additional Real Property Tax That
Could Have Been Billed If Trust and
Tribal Fee Property Were Taxed, 1987

	Potential additional tax	Totals
Blackfeet Reservation		
Glacier County	$1,231,000	
Pondera County	94,000	$1,325,000
Flathead Reservation		
Flathead County	$ 5,900	
Lake County	596,000	
Missoula County	26,000	
Sanders County	91,000	718,900
Fort Belknap Reservation		
Blaine County	$ 338,000	
Phillips County	46,000	384,000
Northern Cheyenne Reservation		
Big Horn County	$ 62,000	
Rosebud County	84,000	146,000
Total		$2,573,900

ADDITIONAL PROPERTY TAXES ON RESERVATIONS

If trust and tribal fee properties were taxed, additional tax billings would have varied considerably by county and by reservation, depending upon the amount and value of tax-exempt property. Based on estimates provided to us of the quantity and value of trust and tribal fee properties, we calculated that additional real property tax billings in the 10 counties could have been $1,325,000 on the Blackfeet Reservation and an additional $719,000, $384,000, and $146,000 on the Flathead, Fort Belknap, and Northern Cheyenne Reservations, respectively, if such property had been taxable.

Although trust and tribal fee properties have been tax exempt, the federal government has provided compensation. For example, the impact aid program has provided significant funding for school districts serving reservation Indian students. Impact aid helps fund the cost of educating students who reside on federal properties, including reservation lands, and has exceeded the amount of real property tax that counties could have billed for all purposes had trust and tribal fee properties been taxable. If school districts did not receive impact aid, district property taxes or state funding would have to be increased if the school districts were to maintain the present level of funding.

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